

Message Text

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ACTION EB-11

INFO OCT-01 ISO-00 IO-14 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-10 PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08

TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 OMB-01 AF-10

ARA-16 EA-11 EUR-25 NEA-10 OPIC-12 DRC-01 /252 W

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R 231810Z NOV 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6061

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS UNN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USMISSION OECD PARIS

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E.O. 11652: NA

TAGS: GATT, ETRD, EEC, US

SUBJ: GATT ARTICLE XXIV: 6 NEGOTIATIONS

REFS: A. EC BRUSSELS 6314

B. EC BRUSSELS 6486

C. EC BRUSSELS 6347

D. PARIS 30028

E. ROME 12883

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1. SUMMARY. AT THEIR NOVEMBER 22 MEETING, THE EC

PERM REPS FAILED TO COMPLETE WORK ON THE COMMUNITY'S NEW ARTICLE XXIV:6 OFFER. SEVERAL IMPORTANT RESERVATIONS REMAIN. THE PERM REPS ARE LIKELY TO CONSIDER THE MATTER AGAIN NEXT WEEK, POSSIBLY ON NOVEMBER 29. OUR SOURCE SAYS THAT, WHILE NOT EXCLUDED, THE POSSIBILITY OF THIS SUBJECT'S BEING HANDLED AS A ROUTINE ITEM WITHOUT DISCUSSION AT THE DECEMBER 3-4 MINISTERIAL MEETING LOOKS INCREASINGLY DOUBTFUL. THE XXIV:6 NEGOTIATIONS ARE PRESENTLY LISTED ON THE COUNCIL'S PROVISIONAL AGENDA AS A "POSSIBLE" ITEM. END SUMMARY.

2. ACCORDING TO AN EC PERM DEL SOURCE WHO ASKED TO BE PROTECTED, THE COMMITTEE OF PERMANENT REPRESENTATIVES CONSIDERED THE OUTSTANDING ISSUES ON THE COMMISSION'S PROPOSED OFFER LIST WITH THE FOLLOWING RESULTS:

A. PUMPS. FRANCE MAINTAINED ITS RESERVATION.

B. KRAFT LINER. THE EC COMMISSION IS NOW PROPOSING A 700,000-TON QUOTA WITH THE TARIFF ON THE IN-QUOTA AMOUNT BEING PROGRESSIVELY REDUCED FROM 12 PERCENT TO 6 PERCENT. FRANCE AND ITALY BOTH STATED A PREFERENCE FOR A LINEAR REDUCTION IN THE CXT RATHER THAN A TARIFF QUOTA (SEE REFTELS). IN THE MEETING, NEITHER FRANCE NOR ITALY SPECIFIED THE CXT RATHER THAN A TARIFF QUOTA (SEE REFTELS). IN THE MEETING, NEITHER FRANCE NOR ITALY SPECIFIED THE CXT REDUCTION THEY WOULD FAVOR, HOWEVER, OUR INFORMANT SAYS THAT PRIVATELY BOTH DELEGATIONS ARE TALKING ABOUT A REDUCTION FROM 12 PERCENT TO ABOUT 10 PERCENT.

C. CANNED PINEAPPLES. ON THIS ITEM THERE IS STILL A SHARP DISAGREEMENT BETWEEN THE UK AND FRANCE OVER THE EC COMMISSION PROPOSAL FOR AN OFFER UNDER THE COMMUNITY'S GENERALIZED PREFERENCES SYSTEM. THE COMMISSION IS PROPOSING A QUOTA OF 28,000 TONS WITH A TARIFF OF 12 PERCENT FOR ALL, CANNED PINEAPPLE EXCEPT SLICES. THERE WOULD BE A SEPARATE QUOTA OF 27,000 TONS AT 17 PERCENT FOR PINEAPPLE SLICES. THE UK IS ARGUING THE REDUCED RATE SHOULD APPLY TO ALL IMPORTS UNDER THE GSP, SUBJECT TO THE NORMAL GSP LIMITED OFFICIAL USE

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SAFEGUARDS.

D. ORANGES. ITALY STILL MAINTAINS ITS FORMAL RESERVATION REGARDING THE COMMISSION'S PROPOSAL OF A CXT OF 4 PERCENT FOR JUNE THROUGH SEPTEMBER. (THE ITALIAN RESERVATION IS LINKED TO THEIR OBTAINING SATISFACTION ON KRAFT LINER). HOWEVER, AS PREVIOUSLY REPORTED, ITALY HAS MADE CLEAR ITS ACCEPTANCE IN PRINCIPLE OF THE OFFER ON ORANGES.

E. FROZEN BEEF. IRELAND IS MAINTAINING ITS
OBJECTION TO THE COMMISSION PROPOSAL.

3. OUR SOURCE SAYS THAT, GIVEN THE LACK OF PROGRESS
AT THE PERM REP'S MEETING, IT SEEMS INCREASINGLY
IMPROBABLY THAT THE MATTER CAN BE HANDLED ROUTINELY
WITHOUT DISCUSSION ("POINT A" ITEM) AT THE DECEMBER 3-4
EC COUNCIL MEETING. THE PERM REPS ARE TO DISCUSS THE
MATTER FURTHER NEXT WEEK, PERHAPS ON NOVEMBER 29.
WHILE INFORMAL CONTACTS BETWEEN THE COMMISSION AND
THE MEMBER STATES COULD CONCEIVABLY OVERCOME REMAINING
DIFFICULTIES PRIOR TO THE COUNCIL MEETING, OUR
SOURCE EXPRESSED SKEPTICISM. HE SAID THAT THE ARTICLE
XXIV:6 QUESTION PRESENTLY APPEARS ON THE COUNCIL'S
PROVISIONAL AGENDA WITH A NOTATION THAT IT IS A
"POSSIBLE" ITEM FOR DISCUSSION. GREENWALD

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